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SUBJECT: NORTH DARFUR'S ECONOMY - UNAMID GIVES A BOOST TO A
BELEAGUED REGION

¶1. (SBU) SUMMARY: The Secretary General of North Darfur's Chamber of Commerce, Rashid Mekki, told econoff on March 26 that the presence of UNAMID has given a small boost to the region's struggling economy, particularly the construction, real-estate (with land prices increasing twenty times in four years), and service sectors. Mekki stated that UNAMID should award more contracts to local businessmen, warning that Sudanese citizens will evaluate it not only on its ability to bring security, but its overall affect on Sudan's economy. Mekki also strongly criticized the Government of Sudan's economic policies. END SUMMARY.

HARD TIMES

¶2. (U) Mekki emphasized that since the start of the Darfur crisis, the region's economy has been in shambles. "We are just consumers in Darfur. We don't produce anything anymore," said Mekki. Mekki noted that Darfur's agriculture sector has been particularly hit by the conflict with record lows of livestock and agricultural exports. He added that almost everything in Darfur costs more than it does elsewhere in the country, from electricity to transportation. Mekki stated that taxes and permit fees in Darfur are just as high as they are elsewhere in Sudan, but that the citizens of Darfur do not see any of these funds coming back into the region through government development and infrastructure projects. Mekki also noted that many of Darfur's prominent businessmen and business families left the region at the start of the conflict, and will likely never come back to Darfur.

"UNAMID'S PRESENCE IS POSITIVE...

¶3. (U) Mekki stated that he welcomes UNAMID's presence, and that it delivered new jobs and investment to El-Fasher. He stated that the city has never witnessed this level of construction and its corresponding increase in service jobs. Mekki stated that, in particular, El-Fasher's land owners have profited from this small boom. According to Mekki (and verified by other Sudanese contacts,) in 2003-2004, the price of land was 5,000 Sudanese pounds for 400 square meters of land, and today, only four years later, it is close to 100,000 pounds. "This price increase of twenty times in only a few short years is making a lot of people rich," stated Mekki. He noted that rent prices have risen in a proportionate fashion to the price of land.

... BUT IT HAS DOWN SIDE TOO."

¶4. (SBU) Mekki said that El-Fasher's poor and working class lament this real estate boom. He also noted that many small Sudanese business people have become frustrated that UNAMID has awarded more contracts to non-Sudanese companies. "If the people of Darfur do not see a benefit from UNAMID, including an economic one, they will reject the force and hatred for UNAMID will build," stated Mekki.

For example, stated Mekki, a Lebanese contractor recently won a bid to provide bread to UNAMID forces and this contractor plans on expanding his business into the local market, which may drive out small local bakers. Mekki called this "a significant problem" that could result in thousands of unemployed Sudanese.

15. (SBU) (Note: In a separate meeting on March 23 with Sudan Program's Group Jason Small, Nicolas Von Ruben, the Acting Chief of UNAMID's Integrated Support Services, stated that delays in the arrival and work of engineering units may force UNAMID to hire the local "pick and shovel" brigade. He stated that this Sudanese manpower could start the work needed to get UNAMID up and running until the engineering units and their equipment are ready for action. End note)

GoS HURTS US MORE THAN U.S. SANCTIONS

15. (SBU) Mekki stated that U.S. sanctions have a very minimal effect on Darfur's economy, as "we suffer more from our own government than the United States." He noted that there is a slight effect from U.S. sanctions on things such as the price of wheat. Mekki stated, however, that even in the case of wheat GoS policies are as much to blame for the high prices. He called the Minister of Finance Awad Al-Jaz's latest effort to keep the price of wheat down "a big show that was just propaganda with few tangible results." Mekki was equally critical of the Sudanese oil industry, alleging that all of Sudan's oil revenues are used to buy weapons and fight wars. "The government can take their oil and go to hell," said Mekki.

COMMENT

16. (SBU) Mekki is right to highlight the economic impact of UNAMID's deployment and the potential for Sudanese citizen's to feel economically left-behind. Although UNAMID cannot lower its

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standards to use local contractors, it should use them as frequently as is possible. The idea of employing "the pick and shovel brigade" to jump start the construction of new UNAMID camps is a good one for the local economy and should improve the perception of UNAMID as an employer of local labor. Although the Chief of UNAMID's Integrated Support Services was likely not thinking of the Sudanese economy when he proposed the idea, this could be a win-win economic arrangement for UNAMID and the Sudanese people it intends to protect.

FERNANDEZ